

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

IN RE:	June 8, 2001)	
)	
APPLICATION OF QWEST COMMUNICATIONS)	DOCKET NO.
CORPORATION AND CERTAIN OF ITS AFFILIATES)	01-00375
FOR APPROVAL OF INTERNAL CORPORATE)	
RESTRUCTURING)	
)	

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on May 15, 2001 for consideration of the Application (the "Application") of Qwest Communications Corporation ("Qwest"), LCI International Telecom Corp. ("LCI"), Phoenix Network, Inc. ("Phoenix"), and USLD Communications, Inc. ("USLD") (collectively, the "Applicants"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

The Application was filed on April 20, 2001. The Applicants request that the Authority approve several internal transactions that will result in a consolidation of the Applicants into two certificated entities. The Applicants are currently all affiliates or subsidiaries of Qwest, and the principal office and place of business for each of the Applicants is located in Denver, Colorado.

The Application states that Qwest is a direct, wholly-owned subsidiary of Qwest Services Corporation, which is in turn a wholly-owned subsidiary of Qwest Communications International, Inc., the stock of which is publicly traded on the New York Stock Exchange. LCI is a direct, wholly owned subsidiary of LCI International, Inc. ("LCI International"), which is a commonly owned affiliate of Qwest. Phoenix is a direct, wholly owned subsidiary of Qwest. USLD is a direct, wholly owned subsidiary of USLD Communications Corp., which is a direct, wholly owned subsidiary of LCI International.

Qwest was granted authority to provide local telecommunications services in Tennessee on March 22, 2001 in Authority Docket No. 99-00922 and was granted authority to provide resold interexchange and operator services on September 9, 1995 in Tennessee Public Service Commission ("TPSC") Docket No. 95-03130. LCI was granted authority to provide resold interexchange and operator services on April 26, 1996 in TPSC Docket No. 95-03280 and was granted authority to provide local telecommunications services on May 30, 1996 in TPSC Docket No. 96-00783. USLD was granted authority to provide resold interexchange and operator services on September 20, 1995 in TPSC Docket No. 95-02825.

Phoenix was granted authority to provide resold interexchange services on October 10, 1995 in TPSC Docket No. 95-03296.

According to the Application, LCI will be merged into Qwest, with Qwest as the surviving corporation, and the certificates of authority, customers, and assets of LCI in Tennessee will be transferred to Qwest. Phoenix will also be merged into Qwest, with Qwest as the surviving corporation, and the certificates of authority, customers,¹ and assets of Phoenix in Tennessee will be transferred to Qwest. In addition, USLD Communications Corp. will merge downstream into USLD, with USLD as the surviving corporation. As a consequence, USLD will become a direct, wholly owned subsidiary of LCI International. Because the entity holding authority to provide utility services is the surviving corporation, this downstream merger does not affect USLD's customers or certificates.

The Application states that the proposed transactions are in the public interest because Qwest and its remaining subsidiaries and affiliates will be able to increase efficiency and reduce the administrative burdens associated with their current structure and operations. The Application further states that a more efficient corporate structure will allow Qwest and its subsidiaries and affiliates to devote additional resources to the provisions of more and better services to customers.

Findings

The Directors of the Authority considered this matter at the May 15, 2001 Authority Conference. Based upon careful consideration of the Application, the Authority finds and concludes as follows:

¹ If these customer transfers require the submission to LCI's or Phoenix's customers' primary local exchange carriers of a change order requesting a change in the customers' preferred long distance carrier, the Authority's rules governing such change orders must be followed. These rules are enumerated in Tennessee Regulatory Authority Rule 1220-4-2-.56, Verification of Orders for Changes of Long Distance Carriers.

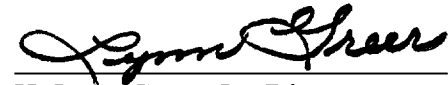
1. The Authority has jurisdiction over the subject matter of this Application pursuant to Tenn. Code Ann. § 65-4-113;
2. Qwest, LCI, Phoenix, and USLD have been granted authority to provide telecommunication services in Tennessee;
3. LCI will be merged into Qwest, with Qwest as the surviving corporation, resulting in a transfer of the authority to provide utility services granted to LCI;
4. Phoenix will also be merged into Qwest, with Qwest as the surviving corporation, resulting in a transfer of the authority to provide utility services granted to Phoenix;
5. USLD Communications Corp. will merge downstream into USLD, with USLD as the surviving corporation, but this merger will not result in a transfer of authority to provide utility services;
6. Approval of the transfers of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

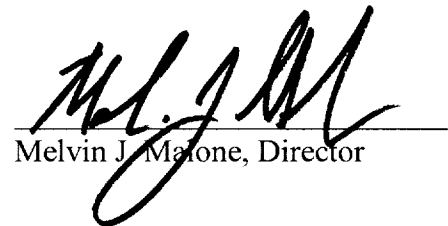
IT IS THEREFORE ORDERED THAT:

1. The Application of Qwest Communications Corporation, LCI International Telecom Corp., Phoenix Network, Inc., and USLD Communications, Inc. for approval of the transfers of authority described herein is approved; and
2. Any party aggrieved by the Authority's decision in this matter may file a

Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary